

RALEIGH-DURHAM AIRPORT AUTHORITY

MINUTES

November 20, 2003

Chairman Clancy presided. Present: Members Sanders; Teer; Toler and Weeks. Absent: Members Gibbs; Winston and Zaytoun. Also present: Airport Director Brantley; Deputy Director, Finance Business & Administration Gill; Deputy Director, Facilities Engineering & Maintenance Pittman; Major Capital Improvements Program Director Powell; Customer Service & Organizational Director Damiano; Parking Director Scialdone; Finance Director Barritt; Administration Director Umphrey; Senior Program Manager Quesenberry; Communications Manager Hamlin; Communications Specialist Dunton; Business Development Officer Hairston; Emergency Services Manager Thompson; Information Technology Manager Schiller; Maintenance Manager Fulp; Law Enforcement Manager Waters; Ground Transportation Manager Nye; Information Technology Specialist Casanova; Network Administrator King; Properties & Insurance Officer Reynolds; Facilities Engineering Manager Jewett; Customer Relations Supervisor Harleston; GIS Manager Dana; Executive Assistant Mitchell and Attorney Tatum.

Guests: Chris Baysden, Triangle Business Journal; and Mark Latu, AmeriSuites Hotels.

APPROVAL OF AGENDA – There was one change to the agenda. Under Old Business, item number 5, Wake County Lease Agreement Amendment was removed and Kellee Communications Lease Agreement Amendment was substituted in its place. There were no other changes to the agenda, and it was approved as amended.

APPROVAL OF MINUTES – There were no changes to the minutes of the October 16, 2003 meeting or the October 28, 2003 teleconference meeting.

CHAIRMAN'S COMMENTS – Chairman Clancy commented that he had received many compliments on the new parking deck and believed the customers were very pleased. Chairman Clancy requested an Executive Session at the conclusion of the meeting to discuss a personnel matter.

LAND & DEVELOPMENT COMMITTEE REPORT – Member Teer reported the Committee met on November 20, 2003 and discussed the following items:

1. Consideration of bids received November 14, 2003 for Security Fencing, RDU #080459. Facilities Engineering Manager Jewett reported four bids for Security Fencing were received on November 14, 2003 from: Rifenburg Construction at \$283,455; Eugene Clifton Davis at \$286,029; Summers-Taylor, Inc. at \$354,450; and Centurion Construction Co., Inc. at \$514,499. The low bidder, Rifenburg, met the contract DBE goal of 10%. This project includes installation of approximately 18,000 feet of chain-link fence along a portion of the airfield's east side. The Committee recommended acceptance of the low bid and award of the contract for Security Fencing to Rifenburg Construction in the amount of \$283,455.
2. Consideration of issues associated with procuring an Owner's Protective Professional Insurance Policy or a Project Policy covering the architectural, engineering and other professional services being provided for Terminal C Renovation & Expansion, RDU #070339. The Committee continued its discussion of professional liability insurance coverage and

limitation of the Architect's and its sub-consultants' liability. At the October 16, 2003 meeting of the Land & Development Committee, staff was instructed to identify and obtain comparative information and premium cost from other insurance companies that provide Owner's Protective Professional Indemnity coverage. Two companies in addition to Zurich were identified and contacted, and a meeting was held with representatives of AIG/Lexington. Zurich was the only company to provide a premium quotation. Attorney Tatum reviewed the pros and cons of OPPI coverage versus Project Policy coverage versus no additional coverage beyond the coverage carried by the Architect and its sub-consultants. Following discussion, the Committee agreed to recommend to the Authority that no further errors and omissions professional liability coverage for the project be obtained beyond that carried by the Architect and its sub-consultants.

Member Teer made a motion, seconded by Member Weeks, to approve the recommendations of the Land & Development Committee. Adopted.

FINDINGS RESOLUTION – Finance Manager Barritt summarized the purpose of the Findings Resolution, which allows staff to file an application to sell revenue bonds with the North Carolina Local Government Commission. The resolution reads as follows:

*RESOLUTION OF THE RALEIGH-DURHAM AIRPORT
AUTHORITY DIRECTING THE FILING OF AN APPLICATION
WITH THE LOCAL GOVERNMENT COMMISSION FOR
APPROVAL OF THE ISSUANCE OF \$35,000,000 AIRPORT
REVENUE BONDS AND NOT TO EXCEED \$70,000,000
AIRPORT REVENUE BOND ANTICIPATION NOTES,
ADDRESSING CERTAIN RELATED MATTERS AND MAKING
RELATED FINDINGS.*

WHEREAS, the Authority has determined that it is advisable to provide for the design, acquisition, construction, extension, betterment, equipping and installation of improvements at the Raleigh-Durham International Airport;

WHEREAS, the Authority has heretofore issued \$35,000,000 Raleigh-Durham Airport Authority Airport Revenue Bond Anticipation Notes, Series 2002B stated to mature on December 17, 2003 (the "Series 2002B Notes") to finance improvements at the Airport;

WHEREAS, the Authority hereby determines that additional construction of a ramp expansion, including the relocation of Taxiway D, and additional improvement of Terminal C and associated facilities, including architectural, pre-construction and construction undertakings in connection therewith (collectively, the "Project"), must be undertaken by the Authority, at a cost in excess of \$35,000,000, including the costs of financing the Project;

WHEREAS, the Authority desires to authorize its Chairman, Airport Director, Deputy Director-Finance, Business and Administration and Director of Finance to apply to the North Carolina Local Government Commission for its approval of the issuance of airport revenue bonds in the amount of \$35,000,000 (the "Bonds"), the issuance of revenue bond anticipation notes in anticipation of the receipt of the proceeds of the sale thereof in an amount not to exceed \$35,000,000 to pay costs of the Project (including fees and expenses) and the issuance of revenue bond anticipation notes in the amount of \$35,000,000 to renew and refund the Series 2002B Notes (collectively, the "Notes"), and to take all other action necessary in connection therewith;

WHEREAS, the Authority desires to sell the Notes, consisting of \$70,000,000 revenue bond anticipation notes, at private sale and without advertisement, to Wachovia Bank, National Association (the "Purchaser"), pursuant to the provisions of a proposal from the Bank (the

"Commitment"), subject to approval of the Authority and the North Carolina Local Government Commission; and

WHEREAS, the Authority desires to retain First Albany Capital as financial advisor, LeBoeuf, Lamb, Greene & MacRae, L.L.P., as bond counsel, Moore & Van Allen, PLLC as Authority Counsel, The Bank of New York as trustee, subordinated obligation trustee, registrar and paying agent, Central Carolina Bank, a Division of National Bank of Commerce as co-trustee and co-subordinated obligation trustee and John F. Brown and Company, Inc. as Feasibility Consultant, in connection with the issuance of the Bonds and the issuance and sale of the Notes.

NOW, THEREFORE, BE IT RESOLVED by the Authority, as follows:

Section 1. That the Chairman, Airport Director, Deputy Director-Finance, Business and Administration and Director of Finance of the Authority are hereby authorized, directed and designated to file an application with the Local Government Commission for its approval of the issuance of the Bonds and the Notes.

Section 2. That the Authority finds and determines and asks that the Local Government Commission find and determine from the Authority's application and supporting documentation:

- (i) That the issuance of the Bonds is necessary and expedient;*
- (ii) That the amount of the Bonds is adequate but is not excessive, when added to other money available to the Authority, for the proposed purpose of the Bonds;*
- (iii) That the Project is feasible;*
- (iv) That the Authority's debt management procedures and policies are good; and*
- (v) That the Bonds can be marketed at a reasonable interest cost to the Authority.*

Section 3. That the Local Government Commission is hereby requested to sell the Notes at private sale and without advertisement.

Section 4. That the Chairman, Airport Director, Deputy Director-Finance, Business and Administration and Director of Finance of the Authority are hereby authorized to do any and all things necessary to effectuate the issuance of the Bonds and the issuance and sale of the Notes.

Section 5. That the proposal set forth in the Commitment submitted by the Purchaser offering to purchase the Notes is hereby approved. The North Carolina Local Government Commission is hereby requested to sell the Notes to the Purchaser, subject to the approval of the Authority. The Chairman, Airport Director, Deputy Director - Finance, Business and Administration and Director of Finance are hereby authorized and directed in the name and on behalf of the Authority to execute and deliver the Commitment in substantially the form presented to the Board, together with such changes, additions and deletions as the Chairman, Airport Director, Deputy Director - Finance, Business and Administration and Director of Finance, with the advice of counsel, may deem necessary and appropriate, such execution and delivery to be conclusive evidence of the approval and authorization thereof.

Section 6. That the action of the Chairman, Airport Director, Deputy Director-Finance, Business and Administration and Director of Finance of the Authority requesting the

Board of Commissioners of the County of Wake to approve the issuance of the Bonds and Notes after a public hearing is hereby ratified and confirmed.

Section 7. That the retention and selection of First Albany Capital as financial advisor, LeBoeuf, Lamb, Greene & MacRae, L.L.P. as bond counsel, Moore & Van Allen, PLLC, as Authority counsel, The Bank of New York as trustee, subordinated obligation trustee, registrar and paying agent and Central Carolina Bank, a Division of National Bank of Commerce, as co-trustee and co-subordinated obligation trustee and John F. Brown & Company, Inc. as Feasibility Consultant in connection with the issuance of the Bonds and the issuance and sale of the Notes, is ratified, confirmed and approved in all respects.

Section 8. That this Resolution shall become effective on the date of its adoption.

Member Weeks made a motion, seconded by Member Toler, to approve the Findings Resolution authorizing staff to file an application for the sale of revenue bonds with the North Carolina Local Government Commission. Adopted.

WACHOVIA PROPOSAL – Deputy Director, Finance Business & Administration Gill reported on the proposal of Wachovia Bank, N.A. to extend the term and increase the amount of the Bond Anticipation Notes originally sold in December 2002. Adoption of the Findings Resolution incorporates the proposal of Wachovia Bank, N.A.; thus, no further action on this matter is required.

FLEXIBLE SPENDING ACCOUNT - Deputy Director, Finance Business & Administration Gill reported on a recommended increase in the annual amount employees are permitted to contribute to cover qualified medical expenses not covered by health insurance under the Flexible Spending Account. In 1991, the Authority implemented a Flexible Spending Account (“FSA”) in accordance with Section 125 of the Internal Revenue Code. The FSA was originally put into service to allow for pre-tax reimbursement of qualified medical expenses. Employees contribute pre-tax earnings into the plan and are reimbursed, up to their annual contribution amount for qualified expenditures. Upon review of the upcoming changes to the Authority’s health insurance program, staff recommended an increase in the maximum annual contribution limit for qualified medical expenses from \$2,000 to \$2,500 to become effective January 1, 2004. The annual contribution for the qualified dependent care portion of the FSA will remain at \$5,000, the maximum allowable by Internal Revenue Code.

Member Weeks made a motion, seconded by Member Teer, to increase the maximum annual contribution limit for qualified medical expenses under the Flexible Spending Account from \$2,000 to \$2,500. Adopted.

KELLEE COMMUNICATIONS – Business Development Officer Hairston reported on the terms of Amendment Number 1 to the Lease Agreement with Kellee Communications Group, Inc. The lease is for various locations in Terminals A and C used for public pay telephones, intraLATA phone services, and pre-paid phone card services. The term of the lease is June 1, 2001 through July 31, 2004, with two one-year renewal options being held by the Authority. The amount of rent is percentage rent only: 20% of gross revenues for local coin, intraLATA and local operator service; 20% of gross revenues for per call compensation; and 25% of gross revenues for pre-paid phone cards. The DBE participation goal was set at 25%; however, Kellee Communications is a 100% DBE firm. Kellee Communications is requesting approval to add public pay e-mail service. Percentage rent will be 15% of gross revenues for public e-mail service. Six e-mail kiosks will be installed in existing payphone banks. Staff recommended approval of the amendment to the lease agreement.

Member Sanders made a motion, seconded by Member Weeks, to approve Amendment No. 1 to the Lease Agreement with Kellee Communications Group, Inc. Adopted.

FEDEX LEASE AGREEMENT AMENDMENT – Properties & Insurance Officer Reynolds reported on the terms of Amendment Number 4 to the Lease Agreement of October 19, 1993 with Federal Express Corporation. The lease is for part of the North Air Cargo Facilities located at 1220 International Drive. The purpose of the amendment is to specify the Date of Beneficial Occupancy of the expanded warehouse and office facilities recently constructed by FedEx. The actual Date of Beneficial Occupancy is October 1, 2003. Staff recommended approval of Amendment Number 4 to the Lease Agreement.

Member Teer made a motion, seconded by Member Weeks, to approve Amendment No. 4 to the Lease Agreement with Federal Express Corporation. Adopted.

BAX GLOBAL LEASE AGREEMENT – Properties & Insurance Officer Reynolds reported on the terms of Amendment Number 1 to the Facilities Lease and Use Agreement of October 19, 1993 with Burlington Air Express. The lease is for part of the North Air Cargo Complex located at 1320 International Drive. The purpose of the Amendment is early termination of the lease, effective November 30, 2003. The lease permits early termination by the Lessee as of October 19, 2003, provided the Lessee is not in default and notifies the Authority thirty (30) days preceding October 19, 2003. Written notification was dated and received October 17, 2003, requesting termination effective November 30, 2003. Authorization for early termination is conditional upon the Lessee executing a new lease for warehouse space in South Cargo Building #3. Staff recommended approval of Amendment Number 1 to the Facilities Lease and Use Agreement with Burlington Air Express conditioned as stated.

Member Weeks made a motion, seconded by Member Toler, to approve Amendment No. 1 to the Facilities Lease and Use Agreement of October 19, 1993 with Burlington Air Express on the condition that Burlington execute a new lease for warehouse space in South Cargo Building #3. Adopted.

RDU FIREMEN'S RELIEF FUND BOARD APPOINTMENT – Airport Director Brantley reported on the RDU Firemen's Relief Fund Board. Some years ago, the General Assembly established a structure whereby fire departments throughout the State can have a relief fund created for them that is funded by fire insurance premiums paid within the jurisdiction, a portion of which goes to the account overseen by the Firemen's Relief Fund Board. The Board must file a report each year as to the funds in under its oversight. The fund is intended to provide financial assistance to the family of a firefighter who is injured or killed. The Board can elect to dispense some or all of the funds for the benefit of the family. The structure of the Board consists of a member of the Airport Authority, two firefighters elected by the Authority's firefighters, and two other members of the Board. The outside members are Jake Jackson, a chartered financial consultant, and Ed Hatch, a retired Assistant Attorney General. Former Authority Member Lionell Parker has been the Authority member on the board. Airport Director Brantley requested that Authority Member Sanders be appointed to the RDU Firemen's Relief Fund Board. Member Sanders accepted the appointment, and Chairman Clancy supported the appointment.

No further action was required.

MEMBERS COMMENTS/REPORT – Member Teer thanked the Authority staff for meeting the

schedule for opening Parking Garage 4 and implementing Exit Express. Member Weeks commented that he and Member Zaytoun recently provided an update of Airport activities to the Wake County Board of Commissioners. The Commissioners were very excited about the opening of the new parking deck. Member Toler complimented the staff on the garage opening and the beginning of use of Exit Express. The Durham County Board of Commissioners has been very complimentary as well. Member Sanders congratulated the staff on the hard work getting the parking deck ready.

GENERAL COUNSEL'S REPORT – Attorney Tatum requested an Executive Session at the end of the meeting to discuss a property acquisition matter.

AIRPORT DIRECTOR'S REPORT –

- Airport Director Brantley acknowledged the following individuals and contractors for their contributions in getting the new parking deck open: Senior Facilities Program Manager Quesenberry; Steve Totten, Michele Krakowski and Richard Raskin of Walker Parking; Dudley Willis with Hanscomb; Don Johnson with S&ME; Archer Western Contractors, the general contractor, and its many subcontractors; Scheidt & Bachmann, the supplier of the revenue control system, and its subcontractors; and Teresa Damiano, Mindy Hamlin and Karen Dunton, along with Sally Johns Design. Theresa Scialdone and the Parking Division staff in particular were recognized for the great amount of work they invested in preparing for use of the facility by customers.
- Enplaned passengers for October 2003 totaled 357,733 versus 363,537 for October 2002 for a 1.6% decrease. Year-to-date 2003 enplaned passengers totaled 3,268,279 versus 3,575,658 for year-to-date 2002 for an 8.6% decrease.
- Deplaned passengers for October 2003 totaled 355,742 versus 364,511 for October 2002 for a 2.4% decrease. Year-to-date 2003 deplaned passengers totaled 3,270,185 versus 3,575,164 for year-to-date 2002 for an 8.5% decrease.
- Enplaned air cargo for October 2003 totaled 7,986,234 pounds versus 8,711,255 pounds for October 2002 for an 8.3% decrease. Year-to-date 2003 enplaned air cargo totaled 75,966,098 versus 81,842,963 for year-to-date 2002 for a 7.2% decrease.
- Deplaned air cargo for October 2003 totaled 10,475,158 pounds versus 11,108,729 pounds for October 2002 for a 5.7% decrease. Year-to-date 2003 deplaned air cargo totaled 98,600,737 versus 103,135,935 for year-to-date 2002 for a 4.4% decrease.
- Weekday scheduled flight departures for October 2003 totaled 223 versus 221 for October 2002 for a 0.9% increase.
- Aircraft operations for October 2003 totaled 20,517 versus 20,532 for October 2002 for a 0.1% increase. Year-to-date 2003 aircraft operations totaled 185,853 versus 204,339 for year-to-date 2002 for a 9.1% decrease.
- The number of vehicles exiting the terminal area public parking lots during October 2003 totaled 166,076 versus 158,862 for October 2002 for a 4.5% increase. The year-to-date 2003 number of vehicles exiting the terminal area public parking lots totaled 1,580,477 versus 1,641,201 for year-to-

date 2002 for a 3.7% decrease.

- The number of taxicab trips taken during October 2003 totaled 15,340 versus 12,814 during October 2002 for a 19.7% increase. The year-to-date 2003 number of taxicab trips totaled 125,034 versus 114,706 for year-to-date 2002 for a 9.0% increase.
- RDU ranked 37th in the nation in the number of origin and destination passengers during the first half of 2003 as reported in a recent edition of *Airports* newsletter.
- Atlantic Coast Airlines announced it will change its name to Independence Air as of January 1, 2004. The airline provides regional carrier service, principally for United and Delta. Its base of operation is at Washington Dulles International Airport. As a result of ACA's intent to sever its relationship with United Airlines, Air Wisconsin will be setting up its own station at RDU and will become RDU's new regional carrier for United Airlines.
- Customer Relations Supervisor Harleston was recognized for her hard work as chairperson of the Authority's United Way Campaign committee. The total amount committed by Authority employees for 2004 was \$11,300, a new record.
- Traveling Grace Massage & Spa is a new concession in Terminal A, initially operating on a six-month trial basis. The Book Cellar has relocated and changed its name to Second Edition Book Sellers.
- On November 30, 2003, the Triangle Transit Authority will operate a bus service from RDU to park and ride lots in Durham and on the fringe of Research Triangle Park as a demonstration project.
- The Transportation Security Administration has asked for assistance during the holidays from airports and airlines in monitoring queues and moving passengers up to the front of the queue who are in danger of missing flights. The TSA has advised that as of the end of the year there will no longer be any at-the-gate screening. All screening will be moved back to the security checkpoints. Authority administrative staff will be present in the terminals and public parking facilities at various times throughout the Thanksgiving holiday period to assist with customer service initiatives.
- Airport Director Brantley wished everyone a safe and happy Thanksgiving holiday.
- Customer Service & Organizational Support Director Damiano provided a PowerPoint presentation of pictures taken of the ongoing ICON installation and set up. Illumination of the Triangle Icon is planned for December 17, 2003 at 5:15 pm. Following the illumination will be the dedication of the new General Aviation Terminal facility.

Member Sanders made a motion, seconded by Member Weeks, to go into Executive Session.

Member Sanders made a motion, seconded by Member Weeks, to return to Open Session.

ADJOURNMENT - There being no further business, Chairman Clancy adjourned the meeting.

Respectfully submitted,

Stephen K. Zaytoun, Secretary

CORRECT ATTEST:

David T. Clancy, Chairman